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C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 002747

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E.O. 12958: DECL: 04/23/2016

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SUBJECT: INDIA STILL HOPEFUL ON NEPALESE PARTIES, TEMPERS
ITS SUPPORT FOR MONARCHY

REF: NEW DELHI 2699

Classified By: Charge Bob Blake for Reasons 1.4(B, D)

11. (C) Summary: Following criticism of its statement of support for Nepalese King Gyanendra's April 21 announcement, the MEA reassured us on April 23 and 24 that it continues to work with the Nepalese political parties and believes the "door is not closed" to a compromise between the parties and the King. The GOI is urging the parties to accept the King's offer of executive power and sort out the details later. Responding to the public criticism, Foreign Secretary Saran used an April 22 press conference to state that New Delhi believes Nepal's future, including the question of monarchy, will be determined by the Nepalese people, while reiterating the GOI's support for the King's offer to cede power. Speaking with the Charge on April 23, Saran underlined India's resolve to prevent a Maoist victory from the current confusion. However, both GOI and non-government Nepal observers agree that there is little time left for a rapprochement. The GOI's effort to inform us of its statement before public release on April 21 demonstrates the value it places on close consultation even as the tempo of events accelerates in Nepal. Charge reciprocated on March 24 by calling Saran to give the GOI a heads up on the imminent announcement by Embassy Kathmandu of the approval for ordered departure. End Summary.

GOI ENDORSES KING'S MOVE, BUT FACES CRITICS

12. (SBU) Following the MEA's April 21 statement welcoming Gyanendra's decision to return executive power to a democratic government, Indian critics have accused the GOI of abandoning the democratic forces in Nepal, particularly the Seven Party Alliance (SPA). New Delhi papers ran stories accusing the MEA of being out of step with the people of Nepal, and of "toeing the U.S. line" and stepping in to prop up the King when India should instead seek his removal. Following the strong public outcry in New Delhi and Nepalese

media, Indian Foreign Secretary Shyam Saran used an April 22 press conference to reiterate the GOI's view that Gyanendra's announcement was a step in the right direction, but added that the future of Nepal's government was up to the people of Nepal, a signal interpreted in Indian press that New Delhi was shifting its position on the monarchy.

MEA: STILL WORKING WITH PARTIES

13. (C) MEA Joint Secretary (North) Pankaj Saran told PolCouns on April 24 that the GOI is still actively engaged with the SPA leaders, urging them to take advantage of the King's offer to return executive power to a multiparty government. The GOI's message to the parties has been that the first priority should be to gain power, and then work out issues such as elections or a constituent assembly. "The important thing is for the two sides (King and parties) to be talking to each other," Saran asserted. New Delhi is waiting to see "what offer the parties come up with" in response to Gyanendra's address. "We don't think the parties have closed the door" to the King's offer, Saran said, despite the public rejection in Kathmandu.

14. (C) New Delhi has warned the party leaders that the longer they delay in responding to the King, the more difficult it will be to eventually "move forward," Saran told us. The GOI has heard that Gyanendra has sent an emissary to discuss with the SPA leaders the modalities for restoring Parliament. However, Saran observed, the "main problem we see" is that suspicion of the monarch among the SPA is so high that they are unwilling to take his offer in good faith.

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In addition, the King has been "raising the same legal impediments" to restoring Parliament, namely, the assertion that the old Parliament has no legal basis to be recalled. Saran noted that while India expected crowds in Nepal to be light April 24, New Delhi anticipated seeing up to two million people demonstrating in Kathmandu on April 25.

FOREIGN SECRETARY: INDIA PREFERS PARLIAMENT RESTORATION

15. (C) In an April 23 conversation with the Charge, Foreign Secretary Saran said that the political parties were

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concerned that if they accept power from the King, Gyanendra could revoke that power again. In Saran's view, it would be far better if a restored Parliament were the institution that appoints the government, and India was pushing that solution.

Referring to his earlier conversation with the Secretary, Saran asserted that a Maoist takeover would be a "disaster for India."

PUNDITS: GOI HAS GIVEN UP ON THE KING

16. (C) Reacting to Foreign Secretary Saran's April 22 press conference in which he repeatedly emphasized that the people of Nepal must decide their future government, some New Delhi-based Nepal watchers suggested that the GOI has now decided it is "willing to dump the King." According to political columnist MG (ret) Ashok Mehta, Saran's "walk-back" of the GOI's April 21 statement was a reaction to the strong popular opposition in Nepal to the King's statement, and although India will not publicly say so, it has decided to "go with the tide on the ground" in Kathmandu, and will no longer step in to support the institution of monarchy. Unfortunately, Mehta told Poloff on April 24, while the SPA leaders do not seem to recognize the King's willingness to cede executive power as a "once in a lifetime opportunity," the Maoists recognize the continuing crisis as a chance to get rid of the institution of monarchy. Former Indian Ambassador to Nepal KV Rajan suggested to Poloff that the

King could yet earn India's support as well as provide a way out of the crisis by publicly accepting a constituent assembly, but added that such a step was likely more than Gyanendra would agree to.

17. (C) Separately, a journalist with good GOI connections told us April 24 there is mounting concern in Indian intelligence circles that the King could flee north to China, since exile in India would confront him with demonstrations and security threats from the large Nepalese diaspora in Delhi.

COMMENT: ON THE BRIGHT SIDE, WE'RE WORKING WELL TOGETHER

18. (C) The GOI has faced stiff domestic criticism for its attempts to broker the King's April 24 announcement and its statement of support. This criticism has poured forth from the Hindu right, which has lamented how the UPA government "sold out" the world's only Hindu monarch to appease sympathizers of the same Maoist ideology that is wreaking havoc in India's rural areas; from the Left, which claims that the MEA statement abandoned the true democrats in favor of preserving a corrupt autocrat; and from anti-American segments across the political spectrum, who see our closely-timed public statements as evidence that New Delhi is dancing to an American tune on regional issues. In the face of this constant barrage, the GOI's willingness to convey its statement to us before releasing it publicly is a sign of how strongly New Delhi values staying in step with us on this issue.

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19. (U) Visit New Delhi's Classified Website:
(<http://www.state.sgov.gov/p/sa/newdelhi/>)
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